

**WINTHROP COUCHOT
PROFESSIONAL CORPORATION**

660 Newport Center Drive, Fourth Floor
Newport Beach, CA 92660
Telephone: (949) 720-4100
Facsimile: (949) 720-4111

Sean A. O'Keefe – NY Bar No. 1980853, CA Bar No. 122417
Paul J. Couchot – CA Bar No. 131934
Counsel for the SunCal Voluntary Debtors¹

Hearing Date: May 12, 2010 at 10:00 a.m. (EST)
Objections Due: May 7, 2010 at 4:00 p.m. (EST)

THE LOBEL FIRM, LLP

840 Newport Center Drive, Suite 750
Newport Beach, CA 92660
Telephone: (949) 999-2860
Facsimile: (949) 999-2870
William N. Lobel – CA Bar No. 93202
Counsel for the SunCal Trustee Debtors²

MILLER BARONDESS, LLP

1999 Avenue of the Stars, Suite 1000
Los Angeles, CA 90067
Telephone: (310) 552-4400
Facsimile: (310) 552-8400
Louis R. Miller – CA Bar No. 54141
Special Litigation Counsel for SunCal Debtors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re	Chapter 11
LEHMAN BROTHERS HOLDINGS INC, et al.,	Case No. 08-13555 (JMP)
Debtors.	Jointly Administered

**DECLARATION OF BRUCE COOK IN SUPPORT OF
MOTION OF THE SUNCAL DEBTORS FOR AN ORDER
DETERMINING THAT THE AUTOMATIC STAY DOES NOT APPLY;
OR, IN THE ALTERNATIVE, GRANTING RELIEF FROM STAY**

¹ SunCal Communities I LLC, SunCal Communities III LLC, SCC/Palmdale LLC, Acton Estates LLC, SunCal Beaumont LLC, SunCal Emerald Meadows LLC, SunCal Johansson Ranch LLC, SunCal Bickford Ranch LLC, SunCal Summit Valley LLC, Seven Brothers LLC, Kirby Estates LLC, SJD Partners Ltd., SJD Development Corp., SCC Communities LLC, North Orange Del Rio Land LLC and Tesoro SF LLC, the debtors and debtors-in-possession (collectively, the "SunCal Voluntary Debtors")

² SunCal Marblehead, LLC, SunCal Heartland, LLC, LB/L-SunCal Northlake LLC, LB/L-SunCal Oak Valley LLC, SunCal PSV LLC, Delta Coves Venture LLC and SunCal Oak Knoll, LLC (collectively "SunCal Trustee Debtors"). The SunCal Voluntary Debtors and the SunCal Trustee Debtors are collectively referred to as the "SunCal Debtors".

I, Bruce Cook, hereby declare and state as follows:

1. I am the General Counsel for SunCal Management, LLC ("SunCal Management"), SCC Acquisitions, Inc. and SCC Acquisitions, LLC (collectively, "SCC"), part of a network of affiliated companies doing business as the "SunCal Companies" or "SunCal." Of the twenty-six (26) administratively consolidated related Chapter 11 debtors under the lead case No. 8:08-bk-17206-ES ("SunCal Debtors"), SCC wholly owns, directly or indirectly, each of the seventeen SunCal Voluntary Debtors,³ and is either a direct or indirect holder of at least a 50 percent equity interest in each of the nine SunCal Trustee Debtors.⁴
2. I am and have been the General Counsel for the seventeen SunCal Voluntary Debtors, in most cases since the formation of such entities.
3. I have knowledge of the SunCal Debtors' books and records, and I am familiar with the SunCal Debtors' projects and their operational affairs. As to the following facts, I know

³ The SunCal Voluntary Debtors are: Acton Estates LLC ("SunCal Acton"), SunCal Beaumont Heights LLC ("SunCal Beaumont"), SunCal Bickford Ranch LLC ("SunCal Bickford"), SunCal Emerald Meadows LLC ("SunCal Emerald"), SunCal Johansson Ranch LLC ("SunCal Johansson"), SCC Palmdale LLC ("SCC Palmdale"), Palmdale Hills Property LLC ("Palmdale Hills"), SJD Partners, Ltd. ("SJD Partners"), SJD Development Corp. ("SJD Development"), SunCal Summit Valley LLC ("SunCal Summit"), SCC Communities LLC ("SCC Communities"), SunCal Communities I LLC ("SunCal I"), SunCal Communities III LLC ("SunCal III"), North Orange Del Rio Land LLC ("SunCal Del Rio"), Tesoro SF LLC ("SunCal Tesoro"), Seven Brothers LLC ("Seven Brothers") and Kirby Estates LLC ("Kirby").

To be precise, SCC does not itself own Debtors SJD Development and SJD Partners. Rather, Bruce Elieff, the CEO and 100% owner of SCC, also owns 100% of Debtor SJD Development, which itself owns Debtors SJD Partners as general partner. However, as with all the other Debtors, SunCal Management LLC managed SJD Partners' property (the Pacific Point Project), at least until the foreclosure described herein.

⁴ The SunCal Trustee Debtors are: LB/L-SunCal Oak Valley LLC ("SunCal Oak Valley"), LB/L-SunCal Northlake LLC ("SunCal Northlake"), SunCal Heartland LLC ("SunCal Heartland"), SunCal Marblehead LLC ("SunCal Marblehead"), SunCal Century City LLC ("SunCal Century City"), SunCal PSV LLC ("SunCal PSV"), Delta Coves Venture LLC ("SunCal Delta Coves"), SunCal Torrance LLC ("SunCal Torrance"), and SunCal Oak Knoll LLC ("SunCal Oak Knoll"). The SunCal Trustee Debtors and SunCal Voluntary Debtors are referred to collectively herein as the "SunCal Debtors." Pre-petition, SCC owned a 50 percent interest in SunCal Marblehead and SunCal Heartland, LLC, as it did the rest of the Trustee Debtors. However, post-petition, SCC acquired a 100% interest in these two SunCal Trustee Debtors.

them to be true of my own knowledge, and, if called as a witness, I could and would competently testify thereto; or I have gained such knowledge from the business records of the SunCal Debtors which were made at or near the time of the acts, conditions or events to which they relate. Any such document or record was prepared in the ordinary course of business by a person who had personal knowledge of the event being recorded and had a business duty to accurately record such event.

4. The SunCal Debtors are part of integrated network of residential development entities that operate under the common dba "the SunCal Companies" or "SunCal." The SunCal Debtors were formed as part of a joint venture with affiliates of LBHI, including, most importantly, LCPI and non-debtor affiliate Lehman ALI, to develop a series of large residential real estate projects (the "Projects"). Between about 2005 and 2007, Lehman ALI and LCPI made loans and/or equity contributions to the SunCal Debtors totaling approximately \$2 billion. LCPI made three of the fourteen loans at issue, totaling about \$700 million of the \$2 billion total.

5. The initial joint venture projects that SunCal entered into with Lehman Entities were profitable. However, as market conditions slowed in 2007, financial problems developed. The Lehman Entities induced the SunCal Debtors to continue developing the Projects through promises of payment to the SunCal Debtors' vendors and service providers. The Lehman Entities also began to exercise more and more control over decisions made by the SunCal Debtors. Unfortunately, the Lehman Entities later reneged on their promises of payment, and instead attempted to foreclose on the Projects and leave nothing for hundreds of unsecured creditors who were owed in excess of \$100 million for the goods and services they provided on the Projects.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 21st day of April 2009, in Irvine, California.



Bruce Cook